



Department of Justice

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MANHATTAN GRAPHICS SUPPLY COMPANY AND OWNER PLEAD GUILTY TO ANTITRUST, FRAUD AND TAX CHARGES

Owner Agrees to 37-46 Months in Prison and \$1.5 Million in Restitution

WASHINGTON, D.C. -- A Manhattan graphics supply company and its owner pleaded guilty today to various antitrust, fraud and tax charges, the Department of Justice announced.

Haluk K. Ergulec and his wholly owned company The Color Wheel, Inc., both of Manhattan, entered pleas of guilty before U.S. District Judge Thomas P. Griesa in Manhattan federal court to four felony charges filed today. Pursuant to a plea agreement, the parties will recommend that Ergulec be sentenced to 37-46 months in prison and pay \$1.5 million in restitution to the victims of his crimes.

Ergulec is the 40th individual convicted in the Antitrust Division's New York Field Office's ongoing probe of bid-rigging and other corrupt practices in the advertising and graphic services industries.

Ergulec and Color Wheel both pleaded guilty to three separate conspiracy counts. One count charged them both with paying kickbacks, in the form of cash, checks, goods and services. The kickbacks included monthly payments of as much as \$10,000 or more in cash to a senior executive at Grey Global Group Inc. (Grey), an advertising agency headquartered in Manhattan. Two other conspiracy counts charged Ergulec and his company with conspiring to defraud clients of Grey in separate phony billing schemes. Ergulec also pleaded guilty to conspiring to defraud

the IRS, while Color Wheel also pleaded guilty to conspiring to rig bids and allocate contracts for the supply of retouching and separation services purchased by Grey on behalf of one of its clients from late 1994 until 2001.

Ergulec and The Color Wheel had been indicted previously in May 2002, along with Mitchell E. Mosallem, former executive vice president and director of graphic services at Grey; Color Wheel salesperson Birj Deckmejian; and John Ghianni, a salesperson of an unindicted graphic supply company.

"Today's charges reflect our resolve to uncover and prosecute anticompetitive conduct in the advertising and graphics industries," said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

Each conspiracy charge, a violation of 18 U.S.C. § 371, carries a maximum penalty of five years' imprisonment and a \$250,000 fine for individuals and a \$500,000 fine for corporations. The bid-rigging charge, a violation of the Sherman Act, 15 U.S.C. § 1, carries a maximum penalty of a \$10 million fine for corporations. The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, each defendant upon conviction could be ordered to pay restitution to any victim for the full amount of that victim's loss.

Today's charges arose from an ongoing federal antitrust investigation of bid rigging, bribery, fraud and tax-related offenses in the advertising and graphics industries. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

Anyone with information concerning bid rigging, bribery, tax offenses or fraud in the advertising or printing industries should contact the New York Field Office of the Antitrust Division at (212) 264-0677 or the New York Division of the FBI at (212) 384-3252.

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